



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ron Lahr, President
Kootenai County Reagan Republicans
P.O. Box 1274
Post Falls, ID 83877

DEC 21 2012

RE: MUR 6557

Dear Mr. Lahr:

On April 24, 2012, the Federal Election Commission notified the Kootenai County Reagan Republicans of complaints alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. On December 18, 2012, the Commission found, on the basis of the information in the complaints and information provided by the Kootenai County Reagan Republicans, that there is no reason to believe the Kootenai County Reagan Republicans violated 2 U.S.C. §§ 433 and 434. Accordingly, the Commission closed its file in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). The Factual and Legal Analysis, which explains the Commission's finding, is enclosed for your information.

If you have any questions, please contact Kasey Morgenheim, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "KMG", is written above the typed name of Kathleen M. Guith.

Kathleen M. Guith
Deputy Associate General Counsel

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Kootenai County Reagan Republicans MUR 6557

I. INTRODUCTION

This matter was generated by Complaints filed with the Federal Election Commission by John Erickson, Scott Grunsted, and Thomas P. Hanley, alleging violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by the Kootenai County Reagan Republicans. According to the three Complaints, which are nearly identical, the Kootenai County Reagan Republicans ("KCRR"), Jeff Ward (KCRR's treasurer), the Strategy Group, Inc., and four candidates for local office in Kootenai County, Idaho — Keith Hutcheson, Barry McHugh, Todd Tondee, and Dan Green — disseminated a mailer to voters in Kootenai County that endorsed federal and state candidates. The Complaints allege that the Respondents violated the Act because they spent over \$1,000 for a federal candidate without "filing with" the Commission.

Upon review of the Complaints, Responses, and other available information, it does not appear that KCRR was required to register and report with the Commission as a political committee. Accordingly, the Commission finds no reason to believe that the Kootenai County Reagan Republicans violated 2 U.S.C. §§ 433 and 434 by failing to register and report with the Commission as a political committee.

II. FACTUAL AND LEGAL ANALYSIS

A. Factual Summary

According to KCRR's website, it is located in Post Falls, Idaho. See www.reaganrepublicans.net. Ron Lahr is KCRR's president, Jeff Ward is KCRR's treasurer,

1 and Keith Hutcheson is a KCRR board member. *See*

2 <http://www.reaganrepublicans.net/KCRRBoard.html>. KCRR's articles of incorporation state that

3 it is organized as an unincorporated nonprofit social welfare public benefit organization under

4 Idaho state law and within the meaning of 26 U.S.C. § 501(c)(4). *See*

5 <http://www.reaganrepublicans.net/Articles.html>. KCRR describes its mission as supporting the

6 Republican Party and the principles of limited government and a free enterprise economy

7 espoused by President Ronald Reagan. *See* <http://www.reaganrepublicans.net/mission.html>.

8 Reagan Republican Victory Fund ("RRVF" is an Idaho state political committee that is also

9 located in Post Falls, Idaho. Its disclosure reports filed with the Idaho Secretary of State list

10 Lora Gervais as RRVF's chair and Jeff Ward as RRVF's treasurer.¹ *See*

11 [http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.](http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.pdf)

12 [pdf](http://www.sos.idaho.gov/elect/Finance/2012/PrePrimary/Party/ReaganRepublicansVictoryFund.pdf).

13 It is unclear how KCRR and RRVF are connected. The groups share a mailing address at

14 P.O. Box 1274 in Post Falls, Idaho, and appear to have at least some overlap in officers, as noted

15 above. Additionally, the disclaimer on the mailer at issue in this matter states that it is paid for

16 by RRVF but the website address listed, www.reaganrepublicans.net, directs the reader to the

17 KCRR website.² Compl., Ex. 1.

18 The Complaints allege that KCRR and the individual respondents "working together . . .

19 spent over \$1,000 for a federal candidate without filing with the FEC" when they sent a mailer to

20 voters in Kootenai County that endorsed state candidates and a federal candidate. Compl. at 1.

¹ Ms. Gervais is also listed as KCRR's Vice President of Finance. *See* <http://www.reaganrepublicans.net/KCRRBoard.html>.

² A website titled "The Idaho Federation of Reagan Republicans" includes a link to donate to RRVF. *See* <http://www.reaganrepublicans.info/>. Clicking on the section of this page for "Chapters" immediately redirects visitors to the KCRR website.

1 The Complaints attach the mailer at issue, which states that “[the] Kootenai County Reagan
2 Republicans wholeheartedly endorse the following conservative common-sense candidates in the
3 May 15 [2012] Republican Primary.” Compl., Ex. 1. The mailer lists 14 candidates for federal,
4 state, and local offices, and for each candidate includes the office sought, a photograph, and a
5 short statement about the candidate. The mailer includes one candidate for federal office,
6 Congressman Raul Labrador, the incumbent candidate for the U.S. House of Representatives
7 from Idaho’s First Congressional District. *Id.* The disclaimer at the bottom of the mailer states
8 that it is “Proudly Paid for by the Reagan Republican Victory Fund
9 www.reaganrepublicans.net.” *Id.*

10 KCRR submitted a Response — signed and sworn to by both Ron Lahr, as KCRR’s
11 president, and Jeff Ward, as KCRR’s treasurer — which includes information about both KCRR
12 and RRVF. *See* KCRR Resp. The KCRR Response explains that RRVF paid for the
13 endorsement mailer at issue and is identified in its disclaimer. KCRR Resp. ¶ 1. The Response
14 asserts that although KCRR issued the endorsements, it did not pay for or “add materially to” the
15 mailer and has and will not make any expenditures for federal candidates in 2012. *Id.* ¶ 2. The
16 KCRR Response identifies the Strategery Group, Inc. as the vendor that designed, printed, and
17 mailed a portion of the mailers and identifies Keith Hutcheson, Barry McHughi, Todd Tondee,
18 and Dan Green as candidates for Kootenai County offices who had no participation in the mailer
19 other than being listed as endorsed candidates.³ *Id.* ¶ 3-4.

20 The KCRR Response contends that RRVF is not a political committee as defined in the
21 Act because it has not and will not spend over \$1,000 in connection with federal elections during

³ The Idaho Secretary of State’s website lists the Strategery Group, Inc. as a general business corporation with Ron Lahr as its registered agent.

1 this calendar year. *Id.* ¶ 5. It asserts that Jeff Ward contacted the Commission's Information
2 Division to confirm that the federal share of the expenditure for the mailer would be the single
3 federal candidate's pro rata share of the total cost. *Id.* ¶ 7-8. The KCRR Response explains that
4 the total cost for the design, printing, and postage of the mailer was \$7,517.26 as of May 5, 2012,
5 making the federal candidate's pro rata share \$587.26.⁴ KCRR states that because the federal
6 share fell below the \$1,000 threshold for reporting as a political committee, RRVF did not file
7 any reports with the Commission and only reported the expenditures to the Idaho Secretary of
8 State. *Id.* ¶ 9-10.

9 **B. Legal Analysis**

10 The Complaints generally allege that KCRR spent over \$1,000 for a federal candidate
11 without "filing with" the Commission. Compl. at 1. Under the Act, groups that are political
12 committees are required to register with the Commission and publicly report all of their receipts
13 and disbursements. 2 U.S.C. §§ 433, 434. The Act defines a "political committee" as any
14 committee, association, or other group of persons that receives "contributions" or makes
15 "expenditures" for the purpose of influencing a Federal election which aggregate in excess of
16 \$1,000 during a calendar year. 2 U.S.C. § 431(4)(A). The term "contribution" is defined to
17 include "any gift, subscription, loan, advance, or deposit of money or anything of value made by
18 any person for the purpose of influencing any election for Federal office." 2 U.S.C.
19 § 431(8)(A)(i). The term "expenditure" is defined to include "any purchase, payment,
20 distribution, loan, advance, deposit, or gift of money or anything of value, made by any person

⁴ The KCRR Response states that the pro rata share for the federal candidate is 1/13 of the total cost of the mailer because the mailer listed 13 endorsed candidates. KCRR Resp. at ¶ 8. But the mailer attached to the Complaints endorses 14 candidates, one of whom is a federal candidate. Compl., Ex. 1. Accordingly, it appears that the pro rata share may be 1/14 of the total cost of the mailer, or \$536.95. This potential discrepancy is not material and does not affect the Commission's findings.

1 for the purpose of influencing any election for Federal office.” 2 U.S.C. § 431(9)(A)(i). An
2 organization will not be considered a “political committee” unless its “major purpose is Federal
3 campaign activity (*i.e.*, the nomination or election of a Federal candidate).” Political Committee
4 Status, 72 Fed. Reg. 5595, 5597 (Feb. 7, 2007) (Supplemental Explanation and Justification).
5 *See Buckley v. Valeo*, 424 U.S. 1, 79 (1976); *FEC v. Massachusetts Citizens for Life, Inc.*
6 (*“MCFL”*), 479 U.S. 238, 262 (1986).

7 It does not appear that KCRR met the statutory threshold for political committee status by
8 making \$1,000 in expenditures during the 2012 calendar year. According to the KCRR
9 Response, KCRR has not and will not make any expenditures on behalf of federal candidates in
10 2012. KCRR Resp. ¶ 2. The Response is sworn, and the Commission has no contrary
11 information. Accordingly, there is no information that KCRR exceeded the \$1,000 statutory
12 threshold for political committee status. Because the \$1,000 statutory threshold is not met, there
13 is no need to reach whether the major purpose of KCRR is “Federal campaign activity (*i.e.*, the
14 nomination or election of a Federal candidate).” Political Committee Status, 72 Fed. Reg. 5595,
15 5597 (Feb. 7, 2007) (Supplemental Explanation and Justification).

16 Accordingly, the Commission finds no reason to believe that the Kootenai County
17 Reagan Republicans violated 2 U.S.C. §§ 433 and 434 by failing to register and report with the
18 Commission as a political committee.

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